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C O N F I D E N T I A L SECTION 01 OF 03 MOSCOW 003581

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TAGS: PGOV PINR RS

SUBJECT: THE SUCCESSION RACE: MEDVEDEV AND IVANOV AT THE STARTING LINE

Classified By: Ambassador William J. Burns. Reason: 1.4 (b).

Summary

¶1. (C) Elections for President Putin's successor are slated for March 2008 and two candidates --First Deputy Prime Ministers Sergey Ivanov and Dmitriy Medvedev-- have the blessing of the Kremlin and are already campaigning feverishly. This message discusses their recent efforts, while a subsequent report will examine the prospects for other potential candidates. End summary.

Putin Will Leave

¶2. (C) President Putin's continued insistence that he will abide by the Constitution and leave office when his term expires next year seems finally to have registered even with third-term diehards like Federation Council Chairman Sergey Mironov and Center for Real Politics Director Gleb Pavlovskiy. Mironov has dropped his efforts to stimulate a groundswell for Putin in the regions, while Pavlovskiy has reluctantly acknowledged the President's determination to leave office, although he continues to suggest that Putin's popularity will allow him to look over the shoulder of whomever will replace him in 2008.

Ivanov, Medvedev Have
Inside Track

¶3. (C) With the waning of speculation about Putin's intentions, attention has fully shifted to First Deputy Prime Ministers Sergey Ivanov and Dmitriy Medvedev, who are widely regarded as the most likely candidates for President at this juncture. Observers here are careful not to exclude completely other politicians, of course, and a separate message will list the dark horses, but relentless television coverage of Ivanov and Medvedev, accompanied by near-weekly polls that measure their inroads on the public consciousness, and their ambitious travel schedules have given them the inside track.

Fall Re-shuffle Possible

¶4. (C) It seems unlikely, however, that the succession race will continue between Ivanov and Medvedev alone. Citing Putin's penchant for surprise, the need to stave off as long as possible his lame duck status by introducing uncertainty, and the importance of stirring voter interest as the campaign

progresses, many think it likely that Putin in the fall will re-shuffle the government or otherwise act to introduce a third, credible player into the mix.

Ivanov's Popularity Surges

15. (C) On February 14, Putin had Ivanov join Medvedev as a First Deputy Prime Minister, and with that promotion, the two were evenly positioned for the unofficial start of the presidential campaign. Until Ivanov's elevation, Medvedev was the candidate being most assiduously groomed for the presidency. A February 9 VTsIOM poll pegged Medvedev's popularity rating at twenty percent, twice that of Ivanov's. Since February 15, Ivanov's rating has surged. Polling by the Levada public opinion research firm showed that voters would prefer Ivanov over Medvedev 52 to 48 in March, with the margin widening to 55 to 45 in April. Much of Ivanov's improved standing was likely traceable to his increased presence on national television. According to the research firm Medialogiya, Ivanov received 40 percent more airtime than Medvedev from the date of his promotion until the end of April. (Although the polls that measure the candidates' popularity are scientific enough, the media's obsessive focus on Medvedev and Ivanov to the near exclusion of many other public figures --Putin excepted-- make it difficult to know if they are measuring popularity or simply recording the inevitable name recognition quotient of the candidates.)

16. (C) Underpinning Ivanov's surging ratings has been the change in portfolio that accompanied his promotion. On February 14, Ivanov ended his tenure as Minister of Defense. The position was seen as a net negative. The Ministry's resistance to reform, its association in the popular mind

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with the sometimes brutal hazing of recruits, and its reputation for corruption had put Ivanov at a disadvantage in his contest with Medvedev, who could travel the country offering money for the "national projects" of affordable housing, healthcare, education, and agriculture. With his promotion Ivanov acquired, in the words of one contact a "national project" of his own; he was tasked by President Putin with diversifying the economy and with innovation. With that came 130 billion rubles in start up capital for nanotechnology, responsibility for the defense industry, transportation, communications, and 26 other federal programs. Ivanov's expanded portfolio allowed him to roam the country --he made eleven domestic trips in April alone-- and be featured doing so in both the national and regional media.

Set-Piece Campaign

17. (C) The Ivanov-Medvedev campaign often has a certain set-piece quality to it, with an at times almost comical symmetry to the two candidates' efforts. Medvedev's January 24 presentation on "national projects" in the Duma was followed, on February 7, by Ivanov's Duma speech on military reform. Medvedev's January 27 "coming out" speech at Davos was accompanied by an equally high-profile visit by Ivanov to India, where the sale of fighter aircraft was discussed. Both men spoke at the early-June St. Petersburg International Economic Forum, and their comments were so similar in tone that observers speculated, correctly it turned out, that they had been drafted by the same team.

18. (C) Still, there have been differences that suggest Ivanov will occupy the pole position when the official race begins at the new year. Ivanov has ventured more frequently into foreign policy. He touched on international questions at his May 23 press conference which, observers noted, featured link-ups to the regions, like Putin's annual press

conference. Ivanov, unlike Medvedev, was among those who criticized the Estonian government's decision to re-locate the Soviet-era memorial to the country's liberation by the Red Army, and Ivanov stepped into the missile defense fray with comments about deploying Russian missiles in Kaliningrad region. Medvedev's only real foray was his Davos speech, and the tone it set was undercut one week later by Putin's Munich jeremiad.

Medvedev: Constraining Factors

¶9. (C) Constraining Medvedev is the factor that gave him an advantage before February 14: his portfolio. National projects offer Medvedev scant opportunity to go global, and he likewise has been unable to date to fashion from his other responsibilities as Chairman of Gazprom, Chairman of the Foundation for Housing Reform, and Head of the Board of Trustees of the Association of Russian Lawyers a platform from which he could insert himself into the foreign policy debate. As one observer here has noted, however, Medvedev has never taken the opportunity offered by "national projects" to talk politics. He has preferred the role of the technocrat, and is seemingly content to attempt to administer GOR's struggling efforts to improve housing, education, healthcare, and agriculture.

¶10. (C) Medvedev's technocratic inclinations and exclusively domestic portfolio have led many to suggest that underway is not a presidential campaign, but an emerging division of labor, with Medvedev preparing to become prime minister and Ivanov slated to succeed Putin. In addition to Ivanov's recent, higher visibility and freedom to comment on foreign policy issues, Gleb Pavlovskiy cites his "multivalent political capital" that allows him, "like Putin," to move fluidly among all camps. Also in Ivanov's favor is his close relationship to the voter who counts most, Vladimir Putin, who has called Ivanov one of the three persons closest to him.

Post-Putin Russia

¶11. (C) There has been much speculation about what an Ivanov or a Medvedev-led Russia would look like. As is the case with most such questions here, there is no consensus, with some arguing that Ivanov's alleged links to the "siloviki" would mean a more flinty Russia, while others point to evidence of a pragmatic Ivanov, juxtaposing, for example the harder line remarks he made in a June 6 encounter with

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pro-Kremlin youth organizations against the "liberal spin he offered for Russia's dirigiste economic course" three days later at the St. Petersburg International Economic Forum. Medvedev has explicitly rejected sovereign democracy and has been quick to point approvingly to Western healthcare and housing practices in his administration of the "national projects," leading some to suggest that a Medvedev presidency might be more economic reformist-minded than Ivanov's. Contacts who are more critical of Putin have claimed to us that Medvedev would usher in a more liberal Russia. They cite as evidence his lack of FSB connections and his willingness to at least accept information for consideration from more critically-disposed think tanks. In fact, it is difficult to differentiate the two; not least because they are still operating in Putin's shadow.

Comment

¶12. (C) Whoever takes the reins in 2008, and it may not be either Ivanov or Medvedev, the lack of institutions will

continue to place a premium on the ability to mediate among competing factions and to chart a course acceptable to the country's elites. Putin's success in these areas was aided by an unpopular predecessor, record oil and gas prices, and the newfound stability and prosperity that flowed from them. His successor will have the in some ways unenviable task of governing a Russia that is already stable and reasonably prosperous, and he will follow in the footsteps of a President whom one-third of Russians have said they would like to have as leader for life.

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